

COMMUNITY OPPORTUNITIES, INC.
D/B/A NEW OPPORTUNITIES, INC.

INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

YEAR ENDED SEPTEMBER 30, 2011

NEW OPPORTUNITIES, INC.

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NEW OPPORTUNITIES, INC.

BOARD OF DIRECTORS

Executive Board of Directors

Eugene Meiners	President
Rick Hecht	Vice President
Betty Weidert	Secretary
Bart Thoreson	Treasurer

Board Members

<u>County</u>	<u>Representing</u>		
	<u>Government</u>	<u>Low-Income</u>	<u>Private</u>
Audubon	Gary VanAernam	Pastor Jud Stover	John Hays
Calhoun	Gary Nicholson	Betty Weidert	Vacancy
Carroll	Eugene Meiners	Christopher Warneka	Robert McKone
Dallas	Mark Hanson	Shirley Keenan	Vacancy
Greene	Tim Contner	Tom Heater	Joyce Morris
Guthrie	Tom Rutledge	Del Wedemeyer	Teresa Mowrer
Sac	Rick Hecht	Kathy Brenny	Bart Thoreson

Agency Officials

Chad Jensen	Chief Executive Officer
Sheri Mertz	Chief Financial Officer

Gronewold, Bell, Kyhnn & Co. P.C.

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DAVID A. GINTHER

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
New Opportunities, Inc.
Carroll, Iowa

We have audited the accompanying statement of financial position of New Opportunities, Inc. as of September 30, 2011 and the related statements of activities, changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Opportunities, Inc. as of and for the year ended September 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 19, 2012 on our consideration of New Opportunities, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

To the Board of Directors
New Opportunities, Inc.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information included on Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Deconville, Bell, Hyman & Co. P.C.

Atlantic, Iowa
January 19, 2012

NEW OPPORTUNITIES, INC.
Statement of Financial Position
All Funds
September 30, 2011

ASSETS	Administrative Fund	Program Funds	Plant Fund	Total
Cash	\$ 126,876	\$ 574,019	\$ --	\$ 700,895
Investments	25,298	--	--	25,298
Receivables:				
Grantor agencies	--	536,171	--	536,171
Other sources	12,916	30,068	--	42,984
Prepaid expenses	1,213	--	--	1,213
Inventory	10,363	--	--	10,363
Deferred financing costs	40,105	--	--	40,105
Property and equipment at cost, less accumulated depreciation of \$502,569	--	--	2,237,618	2,237,618
Total Assets	<u>\$ 216,771</u>	<u>\$ 1,140,258</u>	<u>\$ 2,237,618</u>	<u>\$ 3,594,647</u>
LIABILITIES AND NET ASSETS				
Liabilities				
Payables:				
Accounts	\$ 1,873	\$ 162,486	\$ --	\$ 164,359
Salaries and benefits	41,375	326,401	--	367,776
State advance	--	32,087	--	32,087
Deferred revenue	8,372	566,686	--	575,058
Revenue bond	<u>1,293,427</u>	<u>--</u>	<u>--</u>	<u>1,293,427</u>
Total Liabilities	1,345,047	1,087,660	--	2,432,707
Net Assets				
Unrestricted	(1,128,276)	--	2,050,591	922,315
Temporarily restricted by grantor agencies	--	52,598	187,027	239,625
Total Net Assets	<u>(1,128,276)</u>	<u>52,598</u>	<u>2,237,618</u>	<u>1,161,940</u>
Total Liabilities and Net Assets	<u>\$ 216,771</u>	<u>\$ 1,140,258</u>	<u>\$ 2,237,618</u>	<u>\$ 3,594,647</u>

See notes to financial statements.

NEW OPPORTUNITIES, INC.
Statement of Activities
All Funds
Year Ended September 30, 2011

	Administrative Fund	Program Funds	Plant Fund	Total
Revenues:				
Governmental Funding Sources:				
Iowa Department of Human Rights	\$ --	\$ 4,518,025	\$ --	\$ 4,518,025
U.S. Department of Health and Human Services	--	2,053,860	--	2,053,860
Iowa Department of Public Health	--	1,335,300	--	1,335,300
Iowa Department of Education	--	1,077,595	--	1,077,595
Iowa Department of Human Services	--	282,800	--	282,800
Iowa Department of Economic Development	--	25,271	--	25,271
U.S. Department of Homeland Security	--	20,455	--	20,455
Various	--	216,696	--	216,696
In-Kind Contributions	--	529,805	--	529,805
Public Support and Contributions	5,472	473,651	--	479,123
Co-Funding	--	161,390	--	161,390
Investment Income	892	3	--	895
Rental income	111,633	--	--	111,633
Gain on sale of fixed assets	--	--	130,073	130,073
Investment in Plant	--	--	286,219	286,219
Interfund transfer	--	203,200	(203,200)	--
Miscellaneous	7,675	353,897	--	361,572
Total Revenues	125,672	11,251,948	213,092	11,590,712
Expenses:				
Head Start	--	2,692,875	--	2,692,875
Community Development Block Grant (CDBG)	--	252,680	--	252,680
Community Services Block Grant (CSBG)	--	293,901	--	293,901
Low-Income Home Energy Assistance Program (LIHEAP)	--	2,404,681	--	2,404,681
Weatherization Assistance	--	1,819,643	--	1,819,643
Maternal and Child Health	--	228,914	--	228,914
Family Planning	--	94,060	--	94,060
Women, Infants and Children (WIC)	--	399,639	--	399,639
Child and Adult Care Food Program (CACFP) - Homes	--	485,633	--	485,633
Homeless Prevention and Rapid Rehousing	--	138,982	--	138,982
Substance Abuse Programs	--	912,815	--	912,815
Empowerment Programs	--	564,124	--	564,124
Other Programs	--	928,050	--	928,050
Administration	95,884	--	--	95,884
Depreciation	--	--	118,439	118,439
Total Expenses	95,884	11,215,997	118,439	11,430,320
Excess of Revenues Over Expenses	29,788	35,951	94,653	160,392
Change in Unrealized Gains and Losses on Investments, Other Than Trading Securities	(3,260)	--	--	(3,260)
Change in Net Assets	\$ 26,528	\$ 35,951	\$ 94,653	\$ 157,132

See notes to financial statements.

NEW OPPORTUNITIES, INC.
Statement of Changes in Net Assets
All Funds
Year Ended September 30, 2011

	<u>Administrative Fund</u>	<u>Program Funds</u>	<u>Plant Fund</u>	<u>Total</u>
Net Assets at Beginning of Year	\$(1,154,804)	\$ 16,647	\$ 2,142,965	\$ 1,004,808
Change in Net Assets	<u>26,528</u>	<u>35,951</u>	<u>94,653</u>	<u>157,132</u>
Net Assets at End of Year	<u>\$(1,128,276)</u>	<u>\$ 52,598</u>	<u>\$ 2,237,618</u>	<u>\$ 1,161,940</u>

See notes to financial statements.

NEW OPPORTUNITIES, INC.
Statement of Functional Expenses
Administrative Fund and Program Funds
Year Ended September 30, 2011

	Administrative Fund	Program Funds	Total
Salaries and wages	\$ 346,847	\$ 2,700,267	\$ 3,047,114
Fringe benefits	103,828	841,668	945,496
Assistance to individuals	--	4,873,221	4,873,221
Professional fees and contracted services	22,938	224,967	247,905
Travel	13,268	192,916	206,184
Occupancy	13,215	498,424	511,639
Utilities and telephone	8,697	117,885	126,582
Supplies and materials	11,130	278,271	289,401
Equipment	--	125,878	125,878
Printing, publications and postage	5,547	42,868	48,415
Insurance	3,642	27,063	30,705
Interest expense	85,558	--	85,558
Amortization	1,222	--	1,222
Miscellaneous	5,556	75,810	81,366
Co-funding	--	161,390	161,390
In-kind:			
Labor	--	71,235	71,235
School district collaborations	--	347,071	347,071
Materials and other	--	111,499	111,499
 Total Expenses Before Allocation of Indirect Costs	 621,448	 10,690,433	 11,311,881
Allocation of indirect costs	(525,564)	525,564	--
 Total Expenses	 <u>\$ 95,884</u>	 <u>\$ 11,215,997</u>	 <u>\$ 11,311,881</u>

See notes to financial statements.

NEW OPPORTUNITIES, INC.
Statement of Cash Flows
Year Ended September 30, 2011

Cash flows from operating activities:	
Cash received from State Agencies	\$ 7,517,113
Cash received from Federal Grantors	2,152,918
Contributions received	479,123
Investment income	895
Other receipts	659,526
Cash paid to employees and suppliers	(10,159,304)
Interest paid	(85,558)
Net cash provided by operating activities	<u>564,713</u>
Cash flows from investing activities:	
Property and equipment expenditures	(465,043)
Cash proceeds from sale of property	<u>163,000</u>
Net cash used in investing activities	<u>(302,043)</u>
Cash flows from financing activities:	
Proceeds from notes payable	86,976
Principal paid on revenue bond	(39,422)
Principal paid on notes payable	<u>(86,976)</u>
Net cash used in financing activities	<u>(39,422)</u>
Net increase in cash	223,248
Cash and cash equivalents at beginning of year	<u>477,647</u>
Cash and cash equivalents at end of year	<u><u>\$ 700,895</u></u>

(continued next page)

NEW OPPORTUNITIES, INC.
Statement of Cash Flows - Continued
Year Ended September 30, 2011

Reconciliation of change in net assets to net cash provided by operating activities:	
Change in net assets	\$ 157,132
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	118,439
Amortization	1,222
Gain on sale of property	(130,073)
Change in unrealized gains and losses on investments	3,260
Changes in assets and liabilities	
Receivables	375,451
Prepaid expenses	(1,213)
Inventory	(131)
Payables - trade	(21,906)
Deferred revenue	62,532
Total adjustments	<u>407,581</u>
Net cash provided by operating activities	<u>\$ 564,713</u>

Non-Cash Transactions:

The Agency also incurred the following non-cash transaction in addition to the transactions reflected in the reconciliation of change in net assets to net cash provided by operating activities:

Labor and materials for parking lot received as partial payment on building sold	<u>\$ 40,200</u>
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See notes to financial statements.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Community Opportunities, Inc. d/b/a New Opportunities, Inc., (the Agency) a not-for-profit corporation, is a community action agency that serves the Iowa counties of Audubon, Calhoun, Carroll, Dallas, Greene, Guthrie, and Sac. New Opportunities, Inc. is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and a similar section of the Iowa income tax law, which provides tax exemption for corporations organized and operated exclusively for religious, charitable, or educational purposes.

New Opportunities, Inc. administers various programs funded by Federal, State and local governmental bodies. Each program is accounted for as a separate fund. As indicated on Exhibit B, the Agency received approximately 78% of its revenues from four governmental funding sources. The Agency has renewed substantially all of these governmental funding sources for fiscal year October 1, 2011 to September 30, 2012.

B. Fund Accounting

The accounts of New Opportunities, Inc. are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, net assets, revenues and expenses. The various funds are summarized as follows in the financial statements:

Administrative Fund - The Administrative Fund represents funds derived from local sources such as donations, rents and miscellaneous activities. The Agency's overall management and administrative expenses are charged to this fund and then allowable indirect costs are allocated to the various programs which the Agency administers.

Program Funds - Program Funds are used to account for the revenues and expenses that are contractually restricted by the funding source for specific purposes.

Plant Fund - The Plant Fund is used to accumulate the net investment in fixed assets and to account for the unexpended resources contributed specifically for the purpose of acquiring fixed assets for the Agency.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recorded when the liability is incurred.

Purchases of property and equipment providing future benefits are recorded as expenses in the program at the time of purchase and capitalized in the plant fund.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Agency and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Temporarily restricted net assets are those whose use by the Agency has been limited by grantor agencies to a specific time period or purpose.

Revenues and expenses are reported as increases or decreases in unrestricted net assets unless use of the related assets is limited by donor- or grantor-imposed restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

E. Assets, Liabilities and Net Assets

The following accounting policies are followed in preparing the combined statement of financial position:

Cash and Cash Equivalents - The Agency considers demand deposits and all other highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments - Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues over expenses (expenses over revenues) unless the income or loss is restricted by donor or law. Unrealized gains or losses are recorded in investment income (loss) on trading securities and as a change in net assets on available for sale and held to maturity securities.

Receivables from Grantor Agencies - Reimbursement procedures used for grants and contracts may result in timing differences between program reimbursements and expenditures as of the beginning and end of the year. Receivables from Grantor Agencies represent an excess of expenditures over cash basis reimbursements at year end.

All receivables are considered fully collectible. Accordingly, no provision for uncollectible amounts has been recorded.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Receivables/Payables from Other Funds - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. To the extent that certain transactions between funds had not been paid or received as of September 30, 2011, balances of interfund amounts receivable or payable have been recorded.

Prepaid Expenses - Prepaid expenses consist of the unexpired portion of insurance premiums for Agency auto, liability, property damage, and worker's compensation coverage.

Inventory - Inventory is valued at the lower of cost or market. Cost is determined on the first-in, first-out basis. The costs of inventories are recorded as expenses when consumed rather than when purchased.

Property and Equipment - Property and equipment are valued at historical cost or estimated cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation.

Property and equipment purchased are recorded as expenses in the fund purchasing the asset. The purchases are then capitalized in the plant fund accumulating the net investment in fixed assets. Depreciation has been provided in the plant fund using the straight-line method over the estimated useful lives of the respective assets, generally 5 to 25 years. The depreciated cost of the property and equipment does not purport to be either a realizable value or a replacement value.

Expenses for maintenance, repairs and minor replacements are charged to the current year, while the cost for major replacements and betterments are capitalized. The cost of assets disposed of is deleted. No interest costs were capitalized during the year ended September 30, 2011.

Deferred Revenue - Deferred revenue represents an excess of cash advances by the funding source over accrued expenses at year end.

Compensated Absences - Employees of the Agency accumulate a limited amount of earned but unused vacation payable to employees. Amounts representing the cost of compensated absences are recorded as liabilities of the Administrative Fund. This liability has been computed based on rates of pay in effect at September 30, 2011.

Advertising and Promotion Costs - Advertising and promotion costs are expensed as they are incurred. Advertising and promotion costs totaled \$17,751 during the year ended September 30, 2011.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

F. In-Kind Contributions

The Agency recognizes donated labor, services, materials and rent-free or rent-reduced usage of facilities and equipment as in-kind revenues at the time the services and materials are received. These in-kind contributions and the corresponding expense are valued at their estimated fair market value and recognized in the financial statements in accordance with grant requirements.

G. Total Column

The total column on the combined statements of financial position, activities, and functional expenses is presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation.

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - INDIRECT COST RATE AGREEMENT

New Opportunities, Inc. entered into an Indirect Cost Rate Agreement with their cognizant agency, Department of Health and Human Services, setting a predetermined Indirect Cost Rate (19.9%) for fiscal year October 1, 2010 to September 30, 2011. The Indirect Cost allowed is calculated by multiplying the approved predetermined rate (19.9%) times the allocation base. The allocation base is the Agency's direct salaries and wages, excluding fringe benefits and is applicable to all programs. The use of the Indirect Cost Rate allows for an allocation process of the Agency's costs that are incurred for common or joint objectives and, therefore, cannot be readily and specifically identified with a particular project or activity.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2011

NOTE 3 - MANAGED CARE CONTRACT

The Agency's substance abuse treatment and rehabilitation services are being reimbursed under a managed care contract administered by Magellan Behavioral Health, Inc. The Agency received approximately 3% of its total support and revenue through this contract for the twelve months ended September 30, 2011. The Agency's managed care contract for its current five county service area has been renewed for fiscal year ending September 30, 2012.

NOTE 4 - DEPOSITS AND INVESTMENTS

The Agency's deposits at September 30, 2011 were entirely covered by Federal depository insurance, collateralized with securities or letters of credit held by the Agency or the Agency's agent in the Agency's name, or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

Investments are stated as indicated in Note 1. The composition of investments is as set forth below:

Equity securities	\$ <u>25,298</u>
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All equity securities are classified as available for sale. None of the \$25,298 of equity securities is covered by any form of insurance against loss.

Investment income and other changes in investments are comprised of the following for the year ended September 30, 2011:

Investment Income:	
Interest income	\$ 239
Dividend income	<u>656</u>
	<u>\$ 895</u>

Other Changes in Investments:	
Change in unrealized gains and (losses) on available for sale securities	<u>\$(3,260)</u>

NOTE 5 - FAIR VALUE MEASUREMENTS

The Agency's investments are reported at fair value in the accompanying statement of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2011

NOTE 5 - FAIR VALUE MEASUREMENTS - Continued

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs are unobservable and have the lowest priority. The Agency uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Agency measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 inputs were available to the Agency, and Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

Level 1 Fair Value Measurements

The fair value of publicly traded equity securities is based on quoted net asset values of the shares held by the Agency at year-end.

Level 3 Fair Value Measurements

The closely-held equity securities are not actively traded and significant other observable inputs are not available. Thus, the fair value of the closely-held equity securities is based on book value of the closely-held company per its most recent audited financial statements. Management believes this value approximates current fair value.

The following table sets forth, by level within the fair value hierarchy, the Agency's investments at fair value as of September 30, 2011:

		Fair Value Measurements at Reporting Date Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
	<u>Fair Value</u>		
Equity securities - publicly traded	\$ 9,340	\$ 9,340	\$ --
Equity securities - closely-held	<u>15,958</u>	<u>--</u>	<u>15,958</u>
	<u>\$ 25,298</u>	<u>\$ 9,340</u>	<u>\$ 15,958</u>

The following table reconciles the beginning and ending balances of fair value measurements for the Agency's level 3 assets using unobservable inputs for the year ended September 30, 2011:

Beginning balance	\$ 17,879
Change in unrealized losses	<u>(1,921)</u>
Ending balance	<u>\$ 15,958</u>

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2011

NOTE 6 - PROPERTY AND EQUIPMENT

A summary of property and equipment comprising the plant fund at September 30, 2011, categorized by acquiring program/source, is as follows:

<u>Acquiring Program/Source</u>	<u>Land and Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Head Start	\$ 66,453	\$ 125,064	\$ 110,864	\$ 302,381
Maternal Health/Child Health	--	--	5,643	5,643
Low Income Home Energy Assistance Program	--	--	38,000	38,000
Substance Abuse	--	--	5,800	5,800
Weatherization Assistance	--	86,852	28,709	115,561
Women, Infants and Children	--	21,466	--	21,466
Other Grantors	--	--	7,297	7,297
General Agency	<u>2,212,302</u>	<u>--</u>	<u>31,737</u>	<u>2,244,039</u>
Total Cost	<u>2,278,755</u>	<u>233,382</u>	<u>228,050</u>	<u>2,740,187</u>
Less Accumulated Depreciation	<u>(181,315)</u>	<u>(177,439)</u>	<u>(143,815)</u>	<u>(502,569)</u>
Net	<u>\$2,097,440</u>	<u>\$ 55,943</u>	<u>\$ 84,235</u>	<u>\$2,237,618</u>

The components of the Agency's accumulated depreciation at September 30, 2011 are as follows:

	<u>Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Balance Beginning of Year	\$ 237,042	\$ 162,051	\$ 141,667	\$ 540,760
Current Year Depreciation	81,146	15,388	21,905	118,439
Less Disposals	<u>(136,873)</u>	<u>--</u>	<u>(19,757)</u>	<u>(156,630)</u>
Balance End of Year	<u>\$ 181,315</u>	<u>\$ 177,439</u>	<u>\$ 143,815</u>	<u>\$ 502,569</u>

NOTE 7 - REVENUE BOND

The following is a summary of the revenue bond payable and related information at September 30, 2011:

Revenue bond payable	<u>\$ 1,293,427</u>
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The revenue bond was issued in December, 2008 in the amount of \$1,400,000. The bond was issued to finance the acquisition of land and a building to house the Agency's operations and is collateralized by a mortgage agreement on the Agency's real estate. The bond matures in 240 equal monthly installments of \$10,408, including interest at 6.5% per annum, through December, 2028.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2011

NOTE 7 - REVENUE BOND - Continued

The principal and interest payments required on the bond for the next five and subsequent years are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 42,062	\$ 82,834	\$ 124,896
2013	44,879	80,017	124,896
2014	47,885	77,011	124,896
2015	51,092	73,804	124,896
2016	54,513	70,383	124,896
2017-2021	332,471	292,011	624,482
2022-2026	459,747	164,735	624,482
2027-2029	<u>260,778</u>	<u>20,237</u>	<u>281,015</u>
	<u>\$ 1,293,427</u>	<u>\$ 861,032</u>	<u>\$ 2,154,459</u>

NOTE 8 - LEASE COMMITMENT

New Opportunities, Inc. leases office space under operating leases which may be canceled by either party by giving written notice ranging from sixty to ninety days of their intention to vacate the lease. The Agency also leases a vehicle, copy machines, mailing systems, and a phone system under non-cancelable operating leases expiring through June, 2014.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of September 30, 2011 are as follows:

<u>Year Ending September 30,</u>	
2012	\$ 43,850
2013	30,994
2014	<u>25,431</u>
Total minimum future rental payments	<u>\$ 100,275</u>

Rental expense under all operating leases for the year ended September 30, 2011 totaled approximately \$43,850.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2011

NOTE 9 - PENSION AND RETIREMENT BENEFITS

Iowa Public Employees Retirement System

The Agency contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 5.38% (was 4.50% through June 30, 2011) of their annual salary and the Agency is required to contribute 8.07% (was 6.95% through June 30, 2011) of annual covered payroll. Contribution requirements are established by State statute. The Agency's contributions to IPERS for the years ended September 30, 2011, 2010, and 2009 were approximately \$214,500, \$201,000, and \$184,400, respectively, equal to the required contribution for that year.

Tax-Sheltered Annuity

The Agency has established a tax-sheltered annuity arrangement. The plan is available to all employees with one year of service, and a minimum of 1,000 hours of service in a twelve-month period of time.

Under the terms of the plan, the Agency contributes an amount equal to 2 percent of the annual salary for each employee participating in the plan who elected not to participate in IPERS when the Agency began contributing to IPERS in October, 1996 (covered payroll). Each plan participant must contribute 1 percent of their annual salary and all such payments are accumulated and invested for individual participants of the plan. Amounts credited to individual participants are 100 percent vested immediately. The accumulated monies are paid upon a participant's retirement or termination.

For the year ended September 30, 2011, the Agency's contributions amounted to \$628 which is 2 percent of its current year covered payroll of \$31,388. Employees' contributions of all participants amounted to \$2,402. The Agency's total current year payroll for all employees was \$3,047,114.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2011

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Line of Credit

The Agency has established an open-end line of credit with a local bank with a face amount of \$200,000. The line of credit carries a variable interest rate (5.25% at September 30, 2011) and there was no amount borrowed on the line at September 30, 2011. The agreement expires in April, 2012.

Federal Assistance Grants

New Opportunities, Inc. receives a significant portion of its revenues from government grants and contracts, all of which are subject to audit by the federal government. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the government. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits, therefore no liability is accrued on these financial statements.

Agency Risk Management

New Opportunities, Inc. is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Subsequent Event

The Agency has evaluated all subsequent events through January 19, 2012, the date the financial statements were available to be issued.

* * *

SUPPLEMENTAL INFORMATION

NEW OPPORTUNITIES, INC.
Schedule of Activities - Program Funds
Year Ended September 30, 2011

	Head Start - Early Head Start	Head Start Empowerment	CDBG
Revenues:			
Governmental Funding Sources:			
Iowa Department of Human Rights	\$ --	\$ --	\$ --
U.S. Department of Health and Human Services	2,053,860	--	--
Iowa Department of Public Health	--	--	--
Iowa Department of Education	74,210	--	--
Iowa Department of Human Services	--	--	--
Iowa Department of Economic Development	--	--	25,271
U.S. Department of Homeland Security	--	--	--
Various	--	35,000	--
In-Kind Contributions	529,805	--	--
Public Support and Contributions	--	--	27,500
Co-funding	--	--	--
Investment Income	--	--	--
Interfund Transfer	--	--	203,200
Miscellaneous	--	--	--
Total Revenues	2,657,875	35,000	255,971
Expenses:			
Salaries and wages	1,056,147	--	--
Fringe benefits	319,874	--	--
Assistance to individuals	140,286	35,000	--
Professional fees and contracted services	39,197	--	3,787
Travel	66,614	--	--
Occupancy	113,369	--	227,720
Utilities and telephone	35,516	--	--
Supplies and materials	94,191	--	--
Equipment	12,228	--	21,173
Printing, publications and postage	10,818	--	--
Insurance	11,067	--	--
Miscellaneous	18,279	--	--
Co-Funding	--	--	--
In-Kind:			
Labor	71,235	--	--
School district collaborations	347,071	--	--
Materials and other	111,499	--	--
Total Expenses Before Allocation of Indirect Costs	2,447,391	35,000	252,680
Allocation of Indirect Costs	210,484	--	--
Total Expenses	2,657,875	35,000	252,680
Excess of Revenues Over Expenses (Expenses Over Revenues)	--	--	3,291
Net Assets (Deficit) at Beginning of Year	--	--	(263,317)
Net Assets (Deficit) at End of Year	\$ --	\$ --	\$(260,026)

(continued next page)

<u>CSBG</u>	<u>ARRA - Homeless Prevention & Rapid Rehousing</u>	<u>County Outreach</u>	<u>CACFP</u>	<u>WIC</u>	<u>Child Health</u>
\$ 293,901	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
--	--	--	--	398,002	128,065
--	--	--	485,633	--	--
--	--	2,086	--	--	--
--	--	--	--	--	--
--	--	20,455	--	--	--
--	138,982	--	--	--	--
--	--	--	--	--	--
--	--	152,991	--	--	--
--	--	72,807	--	1,637	23,056
--	--	--	--	--	--
--	--	--	--	--	--
<u>293,901</u>	<u>138,982</u>	<u>248,339</u>	<u>485,633</u>	<u>399,639</u>	<u>151,121</u>
62,520	29,553	60,154	35,101	199,938	92,420
16,593	8,432	22,585	11,983	63,288	28,814
--	82,280	73,898	402,780	19,189	--
7,560	875	365	4	15,779	1,215
5,590	6,516	10,942	6,968	10,360	366
1,440	249	27,787	2,977	25,660	1,322
2,557	1,805	15,439	1,967	5,085	4,125
7,698	1,522	9,181	5,955	10,707	1,659
10,416	1,458	8,482	646	195	1
728	181	1,206	5,991	3,868	1,456
181	49	1,303	304	1,581	369
4,765	174	5,014	3,962	4,158	1,282
161,390	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
<u>281,438</u>	<u>133,094</u>	<u>236,356</u>	<u>478,638</u>	<u>359,808</u>	<u>133,029</u>
<u>12,463</u>	<u>5,888</u>	<u>11,983</u>	<u>6,995</u>	<u>39,831</u>	<u>18,414</u>
<u>293,901</u>	<u>138,982</u>	<u>248,339</u>	<u>485,633</u>	<u>399,639</u>	<u>151,443</u>
--	--	--	--	--	(322)
--	--	(39,164)	(9,786)	2,414	(25,483)
<u>\$ --</u>	<u>\$ --</u>	<u>\$ (39,164)</u>	<u>\$ (9,786)</u>	<u>\$ 2,414</u>	<u>\$ (25,805)</u>

NEW OPPORTUNITIES, INC.
Schedule of Activities - Program Funds - Continued
Year Ended September 30, 2011

	<u>Dental Health</u>	<u>Maternal Health</u>	<u>Family Planning</u>
Revenues:			
Governmental Funding Sources:			
Iowa Department of Human Rights	\$ --	\$ --	\$ --
U.S. Department of Health and Human Services	--	--	--
Iowa Department of Public Health	6,424	43,546	55,409
Iowa Department of Education	--	--	--
Iowa Department of Human Services	--	--	--
Iowa Department of Economic Development	--	--	--
U.S. Department of Homeland Security	--	--	--
Various	--	--	--
In-Kind Contributions	--	--	--
Public Support and Contributions	--	--	241
Co-funding	--	737	327
Investment Income	--	--	--
Interfund Transfer	--	--	--
Miscellaneous	--	33,188	38,083
	<u>6,424</u>	<u>77,471</u>	<u>94,060</u>
Total Revenues	6,424	77,471	94,060
Expenses:			
Salaries and wages	2,096	43,841	30,624
Fringe benefits	464	12,642	5,920
Assistance to individuals	3,447	--	25,856
Professional fees and contracted services	--	1,204	1,301
Travel	--	3,328	2,455
Occupancy	--	3,202	837
Utilities and telephone	--	1,012	1,277
Supplies and materials	--	1,770	7,710
Equipment	--	2	3,019
Printing, publications and postage	--	482	745
Insurance	--	253	1,509
Miscellaneous	--	1,000	1,746
Co-Funding	--	--	--
In-Kind:			
Labor	--	--	--
School district collaborations	--	--	--
Materials and other	--	--	--
	<u>6,007</u>	<u>68,736</u>	<u>82,999</u>
Total Expenses Before Allocation of Indirect Costs	6,007	68,736	82,999
Allocation of Indirect Costs	417	8,735	11,061
	<u>6,424</u>	<u>77,471</u>	<u>94,060</u>
Total Expenses	6,424	77,471	94,060
Excess of Revenues Over Expenses (Expenses Over Revenues)	--	--	--
Net Assets (Deficit) at Beginning of Year	(13)	(17,491)	(14,239)
Net Assets (Deficit) at End of Year	\$(13)	\$(17,491)	\$(14,239)

(continued next page)

Schedule 1

<u>Hawk-I</u>	<u>Pregnancy Prevention</u>	<u>I-Smile</u>	<u>LIHEAP</u>	<u>HEAP</u>
\$ --	\$ --	\$ --	\$ 2,404,681	\$ 139,386
--	--	--	--	--
11,242	--	63,866	--	--
--	--	--	--	--
--	64,847	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	4,941	--	--
542	--	16,352	--	--
--	--	--	--	--
--	--	--	--	--
132	--	64,614	--	--
11,916	64,847	149,773	2,404,681	139,386
2,382	30,670	91,782	83,470	--
723	9,169	25,954	32,478	--
--	--	--	2,225,047	137,186
5,969	4	330	3,997	--
286	2,255	4,419	841	--
--	--	1,344	9,816	--
--	1,090	2,157	5,290	--
1,998	15,063	5,381	20,274	--
--	--	1	1,180	--
84	97	169	3,684	--
--	65	175	466	2,200
--	325	258	1,528	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
11,442	58,738	131,970	2,388,071	139,386
474	6,109	18,290	16,610	--
11,916	64,847	150,260	2,404,681	139,386
--	--	(487)	--	--
(168)	54	(429)	--	--
<u>\$ (168)</u>	<u>\$ 54</u>	<u>\$ (916)</u>	<u>\$ --</u>	<u>\$ --</u>

NEW OPPORTUNITIES, INC.
Schedule of Activities - Program Funds - Continued
Year Ended September 30, 2011

	Weatherization Assistance Programs		
	ARRA - Department of Energy	Utility Company	Child Lead
Revenues:			
Governmental Funding Sources:			
Iowa Department of Human Rights	\$ 1,443,787	\$ 236,270	\$ --
U.S. Department of Health and Human Services	--	--	--
Iowa Department of Public Health	--	--	26,523
Iowa Department of Education	--	--	--
Iowa Department of Human Services	--	--	--
Iowa Department of Economic Development	--	--	--
U.S. Department of Homeland Security	--	--	--
Various	--	--	--
In-Kind Contributions	--	--	--
Public Support and Contributions	--	--	--
Co-funding	--	--	7,019
Investment Income	--	--	--
Interfund Transfer	--	--	--
Miscellaneous	200	--	3,876
Total Revenues	1,443,987	236,270	37,418
Expenses:			
Salaries and wages	231,901	--	18,933
Fringe benefits	77,042	--	5,268
Assistance to individuals	969,956	236,270	--
Professional fees and contracted services	1,373	--	5,024
Travel	14,169	--	68
Occupancy	13,176	--	2,708
Utilities and telephone	11,682	--	616
Supplies and materials	15,760	--	719
Equipment	46,469	--	2
Printing, publications and postage	1,563	--	903
Insurance	3,927	--	158
Miscellaneous	10,746	--	209
Co-Funding	--	--	--
In-Kind:			
Labor	--	--	--
School district collaborations	--	--	--
Materials and other	--	--	--
Total Expenses Before Allocation of Indirect Costs	1,397,764	236,270	34,608
Allocation of Indirect Costs	46,223	--	3,773
Total Expenses	1,443,987	236,270	38,381
Excess of Revenues Over Expenses (Expenses Over Revenues)	--	--	(963)
Net Assets (Deficit) at Beginning of Year	--	--	11,871
Net Assets (Deficit) at End of Year	\$ --	\$ --	\$ 10,908

See accompanying independent auditor's report.

<u>Substance Abuse Prevention</u>	<u>Substance Abuse Treatment</u>	<u>Early Childhood Iowa</u>	<u>DCAT</u>	<u>Other</u>	<u>Total</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ 4,518,025
--	--	--	--	--	2,053,860
240,833	361,140	--	--	250	1,335,300
--	--	517,752	--	--	1,077,595
64,815	--	46,372	59,491	45,189	282,800
--	--	--	--	--	25,271
--	--	--	--	--	20,455
--	--	--	--	42,714	216,696
--	--	--	--	--	529,805
66,190	32,018	--	--	189,770	473,651
9,305	--	--	--	29,608	161,390
3	--	--	--	--	3
--	--	--	--	--	203,200
<u>45,806</u>	<u>120,261</u>	<u>--</u>	<u>--</u>	<u>47,737</u>	<u>353,897</u>
426,952	513,419	564,124	59,491	355,268	11,251,948
177,817	264,384	37,983	24,754	123,797	2,700,267
61,341	82,181	10,828	8,139	37,950	841,668
315	7,284	407,392	--	107,035	4,873,221
4,863	2,363	95,964	23,871	9,922	224,967
31,349	12,634	3,891	647	9,218	192,916
11,901	28,432	2,109	--	24,375	498,424
6,447	15,289	693	--	5,838	117,885
54,500	18,982	994	73	4,134	278,271
15,026	5,290	273	--	17	125,878
3,749	5,248	228	31	1,637	42,868
989	2,277	16	49	125	27,063
8,185	3,873	3,753	1,927	4,626	75,810
--	--	--	--	--	161,390
--	--	--	--	--	71,235
--	--	--	--	--	347,071
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>111,499</u>
376,482	448,237	564,124	59,491	328,674	10,690,433
<u>35,420</u>	<u>52,676</u>	<u>--</u>	<u>--</u>	<u>19,718</u>	<u>525,564</u>
<u>411,902</u>	<u>500,913</u>	<u>564,124</u>	<u>59,491</u>	<u>348,392</u>	<u>11,215,997</u>
15,050	12,506	--	--	6,876	35,951
<u>56,292</u>	<u>235,664</u>	<u>--</u>	<u>22</u>	<u>80,420</u>	<u>16,647</u>
<u>\$ 71,342</u>	<u>\$ 248,170</u>	<u>\$ --</u>	<u>\$ 22</u>	<u>\$ 87,296</u>	<u>\$ 52,598</u>

NEW OPPORTUNITIES, INC.
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2011

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant or Program Number</u>
U.S. Department of Health and Human Services		
Direct Programs		
Head Start Program	93.600	07CH 6107/44
Head Start Program	93.600	07CH 6107/45
Early Head Start	93.600	07CH 6107/44
Early Head Start	93.600	07CH 6107/45
Indirect Programs		
Passed through American Alliance for Health, Physical Education, Recreation, and Dance		
Head Start Body Start	93.600	B249
Head Start Body Start	93.600	B031
Passed through Iowa Department of Human Rights		
Low-Income Home Energy Assistance Program	93.568	LIHEAP-11-01
Weatherization Assistance	93.568	HEAP 10-01B
Weatherization Assistance	93.568	HEAP 11-01B
Community Services Block Grant	93.569	CSBG 10-01
Community Services Block Grant	93.569	CSBG 11-01
Passed through Iowa Department of Public Health		
Family Planning	93.217	5881 MH07
Comprehensive Substance Abuse Prevention - SPF SIG	93.243	5881 CP04
Comprehensive Substance Abuse Prevention - SPF SIG	93.243	5882 CP04
Access to Recovery	93.275	42-0923412
ARRA - Prevention and Wellness	93.723	Not Available
Comprehensive Substance Abuse Prevention	93.959	5881 CP04
Comprehensive Substance Abuse Prevention	93.959	5882 CP04
Substance Abuse Prevention and Treatment Block Grant	93.959	MED-09-020
Substance Abuse Prevention and Treatment Block Grant	93.959	MED-09-020
Maternal Health	93.994	5881 MH07
Child Health	93.994	5881 MH07
Dental Health	93.994	5881 MH07

(continued next page)

<u>Period of Grant</u>	<u>Federal Expenditures</u>
12/01/09 - 11/30/10	\$ 304,226
12/01/10 - 11/30/11	1,261,716
12/01/09 - 11/30/10	92,449
12/01/10 - 11/30/11	385,469
09/01/10 - 09/30/11	5,000
09/01/10 - 09/30/11	<u>5,000</u>
	2,053,860
10/01/10 - 09/30/11	2,404,681
01/01/10 - 12/31/10	37,851
01/01/11 - 12/31/11	<u>101,535</u>
	2,544,067
10/01/09 - 12/31/10	118,599
10/01/10 - 12/31/11	<u>175,302</u>
	293,901
10/01/10 - 09/30/11	55,409
07/01/10 - 06/30/11	25,349
07/01/11 - 06/30/12	<u>30,728</u>
	56,077
12/01/10 - 09/30/14	30,325
10/01/10 - 05/31/11	250
07/01/10 - 06/30/11	58,995
07/01/11 - 06/30/12	15,284
01/01/10 - 06/30/11	82,373
07/01/11 - 06/30/12	<u>29,608</u>
	186,260
10/01/10 - 09/30/11	31,789
10/01/10 - 09/30/11	38,749
10/01/10 - 09/30/11	<u>4,561</u>
	75,099

NEW OPPORTUNITIES, INC.
Schedule of Expenditures of Federal Awards - continued
Year Ended September 30, 2011

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant or Program Number</u>
U.S. Department of Health and Human Services		
Indirect Programs - Continued		
Passed through Iowa Department of Human Services		
Promoting Safe and Stable Families	93.556	BDPS-07-025
Promoting Safe and Stable Families	93.556	DCAT 1-12-033
 Community for Adolescent Pregnancy Prevention	 93.558	 BDPS-06-062
Community for Adolescent Pregnancy Prevention	93.558	BDPS-06-062
 Child Care Resource and Referral	 93.575	 11-NEW-OPPS
Passed through Partnership 4 Families		
Early Childhood Funds Under Empowerment	93.575	ACFS-11-010
Early Childhood Funds Under Empowerment	93.575	ACFS-12-044
 Social Services Block Grant	 93.667	 V2010-05-05
<i>Total U.S. Department of Health and Human Services</i>		
U.S. Department of Homeland Security		
Direct Program		
Emergency Food and Shelter Program	97.024	EFSP - Phase 28
U.S. Department of Energy		
Indirect Program		
Passed through Iowa Department of Human Rights		
ARRA - Weatherization Assistance	81.042	DOE-ARRA-09-01B
U.S. Department of Agriculture		
Indirect Programs		
Passed through Iowa Department of Public Health		
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5881 A033
 Passed through Iowa Department of Education	 10.558	 14-8015
Child and Adult Care Food Program (Day Care Homes)	10.558	14-8010
Child and Adult Care Food Program (Head Start)	10.558	
 Passed through Iowa Department of Agriculture & Land Stewardship	 10.572	 3IA810850
Farmers Market		
<i>Total U.S. Department of Agriculture</i>		

(continued next page)

<u>Period of Grant</u>	<u>Federal Expenditures</u>
10/01/10 - 06/30/11	\$ 7,689
07/01/11 - 06/30/12	<u>265</u>
	7,954
07/01/10 - 06/30/11	54,323
07/01/11 - 06/30/12	<u>10,524</u>
	64,847
07/01/10 - 06/30/11	38,410
07/01/10 - 06/30/11	32,818
07/01/11 - 06/30/12	<u>13,544</u>
	84,772
07/01/09 - 06/30/12	<u>871</u>
	5,453,692
01/01/10 - 12/31/10	20,455
04/01/09 - 03/31/12	1,443,787
10/01/10 - 09/30/11	398,002
10/01/10 - 09/30/11	485,633
10/01/10 - 09/30/11	<u>74,210</u>
	559,843
10/01/10 - 09/30/11	<u>531</u>
	958,376

NEW OPPORTUNITIES, INC.
Schedule of Expenditures of Federal Awards - continued
Year Ended September 30, 2011

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant or Program Number</u>
U.S. Department of Housing and Urban Development		
Indirect Programs		
Passed through Iowa Department of Economic Development Community Development Block Grants	14.228	08-CF-002-05
Passed through Iowa Finance Authority Homeless Assistance Program	14.231	11-II-56024
ARRA - Homeless Prevention & Rapid Rehousing Program	14.257	509-04-19-001
<i>Total U.S. Department of Housing and Urban Development</i>		
Total Expenditures of Federal Awards		
<i>Total Direct Programs</i>		
<i>Total Indirect Programs</i>		

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of New Opportunities, Inc., and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

See accompanying independent auditor's report.

<u>Period of Grant</u>	<u>Federal Expenditures</u>
04/01/08 - 12/31/10	\$ 25,271
01/01/11 - 12/31/11	15,425
07/14/09 - 07/13/12	<u>138,982</u>
	<u>179,678</u>
	<u>\$ 8,055,988</u>
	\$ 2,064,315
	\$ 5,991,673

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures Compared to Budget
Community Services Block Grants
Year Ended September 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number CSBG 10-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 118,599	\$ 118,599	\$ --
Program Expenditures:			
Personnel	\$ 35,431	\$ 33,827	\$ 1,604
Travel	3,646	3,607	39
Space Costs	2,081	906	1,175
Equipment	1,536	1,394	142
Consultant	1,000	--	1,000
Co-Funded Programs	52,289	54,561	(2,272)
Other Costs	17,249	18,934	(1,685)
Indirect Costs	5,367	5,370	(3)
Total Expenditures	<u>\$ 118,599</u>	<u>\$ 118,599</u>	<u>\$ --</u>
<u>Contract Number CSBG 11-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 240,618	\$ 175,302	\$ 65,316
Program Expenditures:			
Personnel	\$ 82,028	\$ 45,287	\$ 36,741
Travel	6,000	2,671	3,329
Space Costs	3,000	868	2,132
Equipment	5,000	5,277	(277)
Co-Funded Programs	121,453	106,829	14,624
Other Costs	10,620	7,277	3,343
Indirect Costs	12,517	7,093	5,424
Total Expenditures	<u>\$ 240,618</u>	<u>\$ 175,302</u>	<u>\$ 65,316</u>

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
 Schedule of Revenues and Expenditures Compared to Budget
 Low-Income Home Energy Assistance Program
 Year Ended September 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number LIHEAP-11-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 2,426,025	\$ 2,404,681	\$ 21,344
Program Expenditures:			
Regular Assistance	\$ 1,905,409	\$ 1,884,115	\$ 21,294
Energy Crisis Intervention Payments	106,086	106,036	50
Client Services	40,000	40,000	--
Summer Deliverable Fuel Program	234,896	234,896	--
Administration Costs	139,634	139,634	--
Total Expenditures	\$ 2,426,025	\$ 2,404,681	\$ 21,344

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures Compared to Budget
Weatherization Assistance Programs
Year Ended September 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number HEAP 10-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 197,566	\$ 37,851	\$ 159,715
Program Expenditures:			
Administration Costs	\$ 16,934	\$ --	\$ 16,934
Weatherization Materials	49,651	841	48,810
Support Costs	71,050	--	71,050
Labor	49,260	202	49,058
Health and Safety	(10,492)	36,808	(47,300)
Equipment and Training	21,163	--	21,163
Pollution Occurrence Insurance	--	--	--
Total Expenditures	\$ 197,566	\$ 37,851	\$ 159,715
<u>Contract Number HEAP 11-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 464,487	\$ 101,535	\$ 362,952
Program Expenditures:			
Administration Costs	\$ 22,336	\$ --	\$ 22,336
Weatherization Materials	110,838	10,500	100,338
Support Costs	106,284	2,145	104,139
Labor	110,839	--	110,839
Health and Safety	81,990	86,690	(4,700)
Equipment and Training	30,000	--	30,000
Pollution Occurrence Insurance	2,200	2,200	--
Total Expenditures	\$ 464,487	\$ 101,535	\$ 362,952

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
 Schedule of Revenues and Expenditures Compared to Budget
 Weatherization Assistance Programs
 Year Ended September 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number DOE-ARRA-09-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 1,794,987	\$ 1,443,787	\$ 351,200
Program Expenditures:			
Administration Costs	\$ 97,060	\$ 26,228	\$ 70,832
Administration - Equipment	38,569	28,041	10,528
Training and Technical Assistance	33,428	30,188	3,240
Weatherization Materials	526,195	326,975	199,220
Support Costs	475,551	395,967	79,584
Labor	510,798	395,141	115,657
Work in Process	(223,859)	(80,385)	(143,474)
Health and Safety	337,245	321,632	15,613
Total Expenditures	\$ 1,794,987	\$ 1,443,787	\$ 351,200

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures Compared to Budget
Weatherization Assistance Programs
Year Ended September 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number BHE 11-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 22,642	\$ 22,642	\$ --
Program Expenditures:			
Administrative Costs	\$ 1,132	\$ --	\$ 1,132
Support Costs	2,264	207	2,057
Labor	9,623	9,238	385
Weatherization Materials	9,623	13,197	(3,574)
Total Expenditures	\$ 22,642	\$ 22,642	\$ --
<u>Contract Number IPL 11-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 51,247	\$ 51,247	\$ --
Program Expenditures:			
Administrative Costs	\$ 2,562	\$ 153	\$ 2,409
Support Costs	5,125	4,145	980
Labor	21,780	23,384	(1,604)
Weatherization Materials	21,780	23,565	(1,785)
Total Expenditures	\$ 51,247	\$ 51,247	\$ --
<u>Contract Number MEC 11-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 162,381	\$ 162,381	\$ --
Program Expenditures:			
Administrative Costs	\$ 8,119	\$ --	\$ 8,119
Support Costs	16,238	12,307	3,931
Labor	69,012	72,741	(3,729)
Weatherization Materials	69,012	77,333	(8,321)
Total Expenditures	\$ 162,381	\$ 162,381	\$ --

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures
Administrative Fund
Year Ended September 30, 2011

	<u>Miscellaneous</u>	<u>Indirect Cost Pool</u>	<u>Total</u>
Revenues:			
Public Support and Contributions	\$ 5,472	\$ --	\$ 5,472
Investment Income	892	--	892
Rental Income	111,633	--	111,633
Miscellaneous	<u>7,675</u>	<u>--</u>	<u>7,675</u>
Total Revenues	<u>\$ 125,672</u>	<u>\$ --</u>	<u>\$ 125,672</u>
Expenditures:			
Salaries and Wages	\$ 1,698	\$ 345,149	\$ 346,847
Fringe Benefits	--	103,828	103,828
Professional Fees and Contracted Services	1,095	21,843	22,938
Travel	25	13,243	13,268
Occupancy	13	13,202	13,215
Utilities and Telephone	--	8,697	8,697
Supplies and Materials	45	11,085	11,130
Printing, Publications and Postage	3	5,544	5,547
Insurance	--	3,642	3,642
Interest Expense	85,558	--	85,558
Amortization	1,222	--	1,222
Miscellaneous	<u>428</u>	<u>5,128</u>	<u>5,556</u>
Total Expenditures Before Allocation of Indirect Costs	90,087	531,361	621,448
Allocation of Indirect Costs	<u>--</u>	<u>(525,564)</u>	<u>(525,564)</u>
Total Expenditures	<u>\$ 90,087</u>	<u>\$ 5,797</u>	<u>\$ 95,884</u>

See accompanying independent auditor's report.

COMMENTS AND RECOMMENDATIONS

Gronewold, Bell, Kyhnn & Co. P.C.

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Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Directors of
New Opportunities, Inc.
Carroll, Iowa

We have audited the financial statements of New Opportunities, Inc. as of and for the year ended September 30, 2011, and have issued our report thereon dated January 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered New Opportunities, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of New Opportunities, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and, therefore, there can be no assurance all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined below.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Agency's financial statements will not be prevented or detected and corrected on a timely basis.

To the Board of Directors of
New Opportunities, Inc.

A significant deficiency is a deficiency or combination of deficiencies in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Opportunities, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of New Opportunities, Inc. and other parties to whom the Agency may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Dimmock, Bell, Hyman & Co. P.C.

Atlantic, Iowa
January 19, 2012

Gronewold, Bell, Kyhnn & Co. P.C.

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Independent Auditor's Report on Compliance
with Requirements That Could Have a Direct and Material Effect on
Each Major Program and on Internal Control over Compliance
In Accordance With OMB Circular A-133

To the Board of Directors of
New Opportunities, Inc.
Carroll, Iowa

Compliance

We have audited the compliance of New Opportunities, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2011. New Opportunities, Inc.'s major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal programs is the responsibility of New Opportunities, Inc.'s management. Our responsibility is to express an opinion on New Opportunities, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about New Opportunities, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on New Opportunities, Inc.'s compliance with those requirements.

In our opinion, New Opportunities, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended September 30, 2011.

To the Board of Directors of
New Opportunities, Inc.

Internal Control Over Compliance

The management of New Opportunities, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered New Opportunities, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of New Opportunities, Inc.'s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the Agency's internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined below.

A deficiency in the Agency's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of New Opportunities, Inc. and other parties to whom the Agency may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Donenold, Bill. Thyn - W. P. C.

Atlantic, Iowa
January 19, 2012

NEW OPPORTUNITIES, INC.
Schedule of Findings and Questioned Costs
Year ended September 30, 2011

Part I: Summary of the Independent Auditor's Results:

- (a) An unqualified opinion was issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Low Income Home Energy Assistance Program:
 - CFDA Number 93.568
 - Weatherization Assistance:
 - CFDA Number 81.042 - ARRA
 - Child and Adult Care Food Program:
 - CFDA Number 10.558
 - Homeless Prevention and Rapid Rehousing:
 - CFDA Number 14.257 - ARRA
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) New Opportunities, Inc. qualified as a low-risk auditee.

NEW OPPORTUNITIES, INC.
Schedule of Findings and Questioned Costs
Year ended September 30, 2011

Part II: Findings Related to the Financial Statements:

No findings were noted for the year ended September 30, 2011.

Part III: Findings and Questioned Costs For Federal Awards:

No findings were noted for the year ended September 30, 2011.

Part IV: Other Findings Related to Required Statutory Reporting:

No matters were noted for the year ended September 30, 2011.

* * *